Oxford House Service Board
4911 Aurora Drive
Kensington, Maryland 20895
May 29, 1989

Robert Reynolds
Deputy Director, Alcohol Services
Department of Health Services
3851 Rosecrans Street
Post Office Box 85222
San Diego, California 92138-5222

Dear Bob:

It took a while, but I've finally gotten a pretty good idea of what I'll be able to do personally and what the Oxford House, Inc. team we have put together will be able to do. Events have been happening at a pretty rapid clip the last couple of months. I delayed because I didn't want to make any commitments I couldn't keep.

I also had hoped to have a better idea whether we would be able to work in other parts of California at the same time that I hope we will be working in San Diego. With that knowledge it would make planning a lot easier, but things move slowly.

You had asked for an informal proposal to start. What follows is informal, with the degree of detail that I needed to work out a decent cost picture.

My understanding from talks we had in San Diego in April is that you are interested in being one of the first jurisdictions to implement the recovery home provision of the Anti-Drug Abuse Act of 1988, Public Law 100-690. This would entail having Oxford House, Inc. establish the first Oxford Houses in San Diego County and leave behind a viable organization of democratically self-run, self-supporting, alcohol and drug-free houses that is capable of expanding on its own.

I propose to you that Oxford House, Inc. have a year-long presence in San Diego during which we would:

*Locate, lease and open a minimum of six Oxford Houses. Each would be granted an Oxford House charter and would thus be eligible for Public Law 100-690 start-up loans;

*Establish contact with all the publicly and privately-funded alcohol recovery facilities so they are aware of Oxford House and are a source of residents;

*Indoctrinate the new residents on how Oxford House works so that they democratically elect officers, know the procedures for admission and ejection from Oxford House, and establish a sound system for payment of bills and repayment of start-up costs;

*Have an Oxford House representative in San Diego for the entire year and another for part of the year to nurture the houses when they want it and need it;

*By the end of the year have a viable Chapter of Oxford House, Inc. in place that would be highly replicable, motivated to open new houses, and itself authorized to issue charters to additional new houses;

*At the end of the year write a report on our experiences -- or co-author a report with you or someone on your staff -- so that the San Diego experience can serve as a model for others.

Oxford House, Inc. also has the capability to provide a loan management and collection service for start-up loans that will come from the State of California or from the County of San Diego.

To get the job done, I propose that I live in San Diego for three to four months, about two months in the beginning, with other visits when they could do the most good. I have participated in locating and leasing most of the 30 Oxford Houses in existence today.

Moving to San Diego for the year would be Steve Lethbridge, an Oxford House alumnus. Steve, age-34, has been clean and sober for five years, two years of which he spent in Oxford House where he was a house president and treasurer. He is presently a full-time college student, maintaining a 4.0 average while working long hours.

He has been studying to become a substance abuse counselor, but has gotten somewhat disillusioned with the bottom-line mentality of a alcohol rehabilitation unit where he has worked as part of his curriculum. He was having second thoughts about staying in the field when I approached him about the possibility of opening Oxford Houses on the West Coast. He liked the idea.

I have checked his reputation. When he lived in Oxford House he handled jobs he undertook with speed, enthusiasm and thoroughness, and carefully accounted for expenses when done. Steve would work closely with me in opening the first few houses in San Diego, presumably benefiting from that experience, before locating houses on his own.

Actually, I believe that Steve and I would be able to open six houses in the first six months and more than that in the next six months, but I deliberately left the number conservative. I would rather proceed with caution than to over-promise on our first houses in California.

Last year we opened more than 12 houses in the Washington area. While we had the advantage of being a well-known, long-term

component of the recovery community in the city, we were crippled by having no paid staff to devote to opening houses and having no revolving fund for start-up costs. We actually lost houses for lack of a few thousand dollars for start-up. In San Diego I think we would quickly be integrated into the recovery community because of your support, and would, of course, have the staff and a revolving start-up fund to make things happen quickly.

COST

Labor

Personnel	$50,000
Labor Overhead (Social Security & Health Ins.)	7,250
Total	$57,250

Travel and Subsistence

Trip to SD to rent apt. & become acquainted	$1,500
Travel & moving to SD for Lethbridge, plus one trip back to Washington	2,800
Travel for O'Neill, five trips @ appx. $550	2,750
Rental car for O'Neill, 13 weeks at Alamo rate of $128/week	1,664
Per diem for O'Neill, 120 days x $30	3,600
Housing for O'Neill, 120 days x $40	4,800
Total	$17,114

Loan Management

Loan management & financial reporting ($15/mth. per loan)	$1,200
SUBTOTAL	$75,564

General and Administrative

General & Administrative expenses ($74,364 x 30%)	$22,669
TOTAL	$98,223

Oxford House, Inc. has made proposals to several states that would cost somewhat less to start the first several houses. For instance, one proposal would have us start the first three houses in New York State for approximately $55,000. However, we would only have people on-site for a short period of time. Any routine

communication and trouble-shooting would be by our toll-free number.

In San Diego I would like to do it differently for several reasons. First, I don't think I can talk Steve into interrupting his schooling for just a few months. (He has heard a lot about UC-San Diego and has great interest in courses there). Second, I'm sure the operation will run far more smoothly and we will get many more houses opened with somebody on site all year. Third, these will probably be the first Oxford Houses on the West Coast resulting from the Anti-Drug Abuse Act and we would like somebody there to be able to carry the message to other jurisdictions that are interested. We would like to use approximately 20 percent of our time there to proselytize by telephone or by making short trips to other areas if asked.

Let me briefly explain the loan management entry above.

Our collection program is designed to relieve state or county officials, agent banks or other agencies of the burden of collection and detailed financial reporting.

Repayment of start-up loans will be made from the Oxford Houses to the Oxford House Financial Office according to a pre-established schedule. Each house will be provided with a loan coupon book showing due dates and late payment fees. Pay back is usually scheduled on a 24-month basis.

The Oxford House Financial Office will forward funds collected promptly to the local depository specified by the county to ensure that the loan fund is replenished and to maximize the availability of funds for new houses. A detailed monthly financial statement of the status of all outstanding loans will then be made to the county.

Late payments, deemed to be a key indicator of possible problems, will be flagged for immediate follow-up to ensure that financial and other possible problems have been resolved and the house is self-sufficient.

I am eager to open some houses in San Diego to see what can be accomplished with strong government/Oxford House cooperation. There are a number of things that you and your staff could do to help. Among the most important are:

*Find beds and perhaps dressers that can be delivered to new houses. From time to time lack of beds has bogged us down considerably in Washington;

*Line up real estate agents who want to help find houses for us, or recovering people who know the real estate market, so we get a good orientation to the market and have houses to see quickly;

*Help with access to the state revolving fund under P.L. 100-690. If it requires a long time to get access to state funds, provide bridge loans. If there is so much red tape that it isn't practical to apply for state funds, provide for a local revolving fund;

*Furnish access to care providers through mail or meetings so they know who we are and what we do and will furnish a steady stream of potential residents;
*Back us up if we should get into a zoning dispute.

Concerning the last item, the enclosed brief by the Mental Health Law Project outlining the provisions of the Fair Housing Standards Act, indicates that the expansion of the federal law preempts local zoning ordinances. The Mental Health Law Project, a old, solid, public interest law firm, has agreed to represent Oxford House anywhere for nothing. Their interest is generally people released from mental institutions, but they see us as good test case material because we have been in good neighborhoods for 13-years without causing problems and because we will be opening houses in different parts of the country. There is a longer version of the MHLP brief if your lawyers ever get interested.

Since we last talked in San Diego, Oxford House has gotten a grant from the State of Vermont to open the first several houses there, and we are discussing opening houses with officials in New York, New Jersey, Delaware, South Carolina, Ohio and Kansas City, among others. We have a house in suburban Boston and another that probably will be opening there soon. We have put together a team of Oxford House alumni, and others who now live in houses and are sober for over a year, who will be able to help start houses in other sections of the country.

It is now Tuesday, May 30, and in today's mail I got a letter from Tom Colthurst asking for ideas on a conference for financing community-based recovery services. As usual, I don't know much about anything but Oxford House. We have in the past few months, however, learned a great deal about how to finance, and how not to finance, an organization like Oxford House.

Next week, June 4-12, I will be in Salinas at Martin Dodd's shop, helping him convert some existing units to Oxford Houses. After that I can be reached at (301) 933-6251. We are still working out of our homes.

I hope we can get some houses going in San Diego soon. It would be a pleasure and privilege to work with you and a government that is philosophically attuned to the same thing we are in Oxford House -- giving people an opportunity to help themselves.

Yours sincerely,

John V. O'Neill